

CONFERENCE COMMITTEE REPORT DIGEST FOR EHB 1815

Citations Affected: IC 5-10.2-2-3; IC 5-10.2-5-31; IC 33-14.

Synopsis: Public pensions. Provides a 1% cost of living adjustment (COLA) in 2001 to members of the public employees' retirement fund (PERF) and members of the Indiana state teachers' retirement fund (TRF) (or their survivors or beneficiaries) who retired or were disabled before July 2, 1999. Provides a supplemental "thirteenth check" benefit to retired teachers and certain retired public employees (or their survivors or beneficiaries) on November 1, 2001, and on November 1, 2002. Provides that a member of PERF or TRF may change the allocation among available funds of the amount credited to the member's annuity savings account under rules established by the PERF board and the TRF board. Specifies that the PERF board and TRF board shall allow a member to make a selection or change any existing selection at least once each quarter. (Current law provides that the allocation may be changed only one time every 12 months.) Increases the percentages used in computing retirement benefits under the prosecuting attorneys retirement fund. (This conference committee report adds the provisions concerning: (1) the PERF and TRF COLAs; and (2) PERF and TRF members' allocation of their annuity savings account balances.)

Effective: July 1, 2001; January 1, 2002; July 1, 2002.

CONFERENCE COMMITTEE REPORT

MR. PRESIDENT:

Your Conference Committee appointed to confer with a like committee from the House upon Engrossed Senate Amendments to Engrossed House Bill No. 1815 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

- 1 Page 1, between the enacting clause and line 1, begin a new
- 2 paragraph and insert:
- 3 "SECTION 1. IC 5-10.2-2-3, AS AMENDED BY P.L.195-1999,
- 4 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 5 JANUARY 1, 2002]: Sec. 3. (a) The annuity savings account consists
- 6 of:
- 7 (1) the members' contributions; and
- 8 (2) the interest credits on these contributions in the guaranteed
- 9 fund or the gain or loss in market value on these contributions in
- 10 the alternative investment program, as specified in section 4 of this
- 11 chapter.
- 12 Each member shall be credited individually with the amount of the
- 13 member's contributions and interest credits.
- 14 (b) Each board shall maintain the annuity savings account program
- 15 in effect on December 31, 1995 (referred to in this chapter as the
- 16 guaranteed program). In addition, the board of the Indiana state
- 17 teachers' retirement fund shall establish and maintain a guaranteed
- 18 program within the 1996 account. Each board may establish investment
- 19 guidelines and limits on all types of investments (including, but not
- 20 limited to, stocks and bonds) and take other actions necessary to fulfill
- 21 its duty as a fiduciary of the annuity savings account, subject to the
- 22 limitations and restrictions set forth in IC 5-10.3-5-3 and IC 21-6.1-3-9.

(c) Each board shall establish alternative investment programs within the annuity savings account of the public employees' retirement fund, the pre-1996 account, and the 1996 account, based on the following requirements:

(1) Each board shall maintain at least one (1) alternative investment program that is an indexed stock fund and one (1) alternative investment program that is a bond fund.

(2) The programs should represent a variety of investment objectives under IC 5-10.3-5-3.

(3) No program may permit a member to withdraw money from the member's account except as provided in IC 5-10.2-3 and IC 5-10.2-4.

(4) All administrative costs of each alternative program shall be paid from the earnings on that program.

(5) A valuation of each member's account must be completed as of the last day of each quarter.

(d) The board must prepare, at least annually, an analysis of the guaranteed program and each alternative investment program. This analysis must:

(1) include a description of the procedure for selecting an alternative investment program;

(2) be understandable by the majority of members; and

(3) include a description of prior investment performance.

(e) A member may direct the allocation of the amount credited to the member among the guaranteed fund and any available alternative investment funds, subject to the following conditions:

(1) A member may make a selection or change an existing selection ~~at any time; but not more than once in a twelve (12) month period; under rules established by each board. A board shall allow a member to make a selection or change any existing selection at least once each quarter.~~

(2) The board shall implement the member's selection beginning the first day of the next calendar quarter that begins at least thirty (30) days after the selection is received by the board. This date is the effective date of the member's selection.

(3) A member may select any combination of the guaranteed fund or any available alternative investment funds, in ten percent (10%) increments.

(4) A member's selection remains in effect until a new selection is made.

(5) On the effective date of a member's selection, the board shall reallocate the member's existing balance or balances in accordance with the member's direction, based on:

(A) for an alternative investment program balance, the market value on the effective date; and

(B) for any guaranteed program balance, the account balance on the effective date.

All contributions to the member's account shall be allocated as of the last day of that quarter in accordance with the member's most recent effective direction. The board shall not reallocate the member's account at any other time.

(f) When a member who participates in an alternative investment program transfers the amount credited to the member from one (1) alternative investment program to another alternative investment program or to the guaranteed program, the amount credited to the member shall be valued at the market value of the member's investment, as of the day before the effective date of the member's selection. When a member who participates in an alternative investment program retires, becomes disabled, dies, or suspends membership and withdraws from the fund, the amount credited to the member shall be the market value of the member's investment as of the last day of the quarter preceding the member's distribution or annuitization at retirement, disability, death, or suspension and withdrawal, plus contributions received after that date.

(g) When a member who participates in the guaranteed program transfers the amount credited to the member to an alternative investment program, the amount credited to the member in the guaranteed program is computed without regard to market value and is based on the balance of the member's account in the guaranteed program as of the last day of the quarter preceding the effective date of the transfer. When a member who participates in the guaranteed program retires, becomes disabled, dies, or suspends membership and withdraws from the fund, the amount credited to the member shall be computed without regard to market value and is based on the balance of the member's account in the guaranteed program as of the last day of the quarter preceding the member's distribution or annuitization at retirement, disability, death, or suspension and withdrawal, plus any contributions received since that date plus interest since that date.

SECTION 2. IC 5-10.2-5-31 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: **Sec. 31. (a) The pension portion (plus postretirement increases to the pension portion) provided by employer contributions of the monthly benefit payable after June 30, 2001, to a member of the public employees' retirement fund or the Indiana state teachers' retirement fund (or to a survivor or beneficiary of a member of the public employees' retirement fund or the Indiana state teachers' retirement fund) who retired or was disabled before July 2, 1999, shall be increased by one percent (1%).**

(b) The increases specified in this section:

- (1) are based upon the date of the member's latest retirement or disability;**
- (2) do not apply to benefits payable in a lump sum; and**
- (3) are in addition to any other increase provided by law."**

Renumber all SECTIONS consecutively.

(Reference is to EHB 1815 as printed April 6, 2001.)

Conference Committee Report
on
Engrossed House Bill 1815

Signed by:

Representative Tinchler
Chairperson

Senator Ford

Representative Scholer

Senator Craycraft

House Conferees

Senate Conferees